



Discrete Choice Modeling

Multivariate Solutions

Basics of Discrete Choice

- ❖ *Discrete choice models were used to assess the impact of the introduction of the specialty cracker flavor—Wasabi Ginger Crackers—to the current New York Metro market.*
- ❖ *Discrete choice models can be used to understand:*
 - *Market strategy development*
 - *New product design*
 - *Market share, profitability, or margin optimization*
 - *Branding issues (brand equity, co-branding, affinity branding, loyalty marketing)*
 - *Customer retention and profitability.*

Basics of Discrete Choice

- ❖ *Four special cracker types were tested in this discrete choice exercise:*
 - *Wasabi Ginger Crackers*
 - *Black Bean Crackers*
 - *Sushi Rolls Rice Crackers*
 - *New York Style Soy Bagel Crisps*
- ❖ *Three price levels were tested on the survey instrument.*
 - *Low - \$3.89*
 - *Medium - \$4.09*
 - *High - \$4.29*

Basics of Discrete Choice

❖ *Two Tiers of Application*

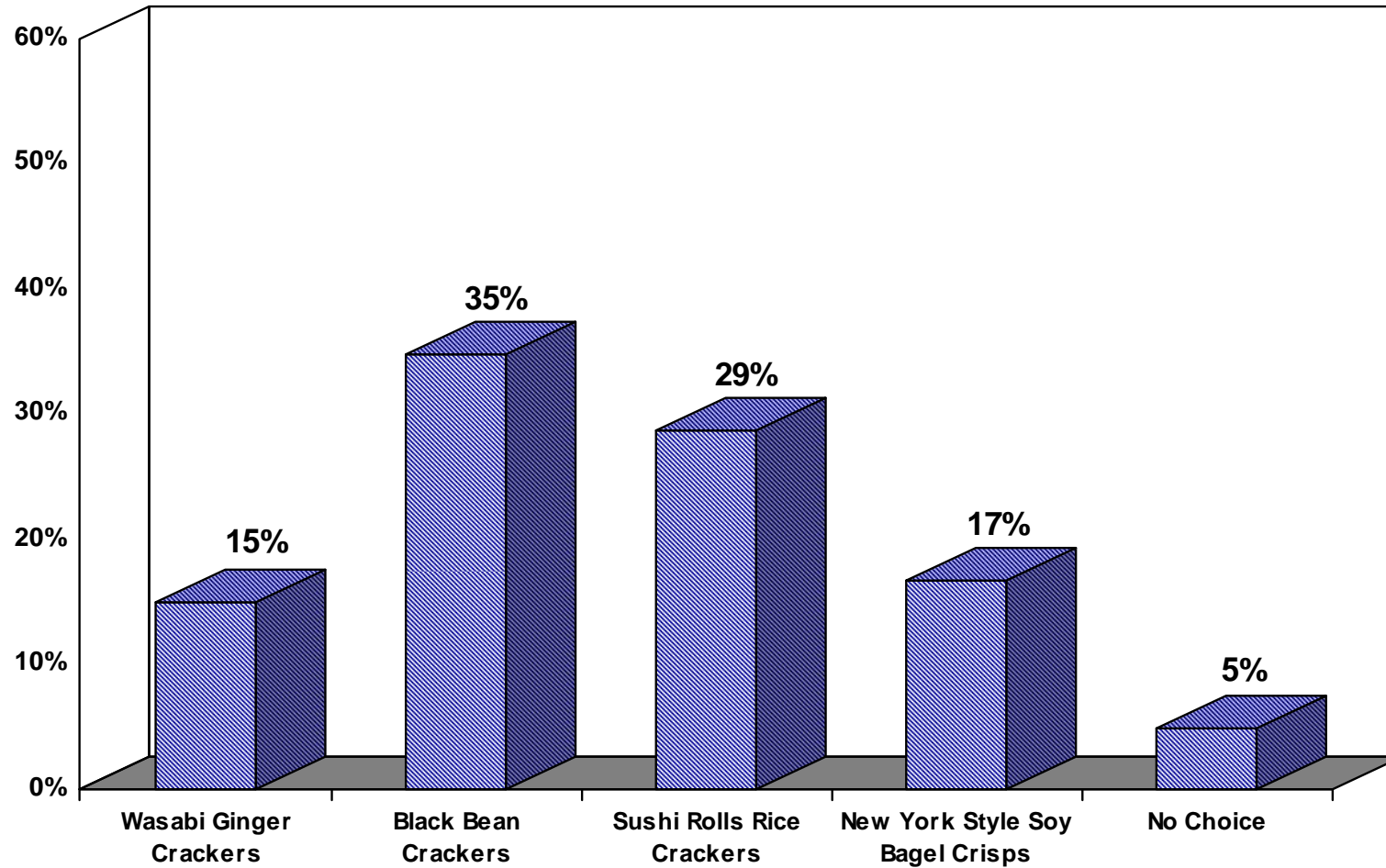
- Percentage of sales that would be taken from the current test set.
- Application of that sub-market to overall specialty cracker sales within the New York Metro market.
- These represent the initial bar charts.

❖ *Projected Wasabi Ginger Crackers sales – Price curve*

- The project charts test 10 Wasabi Ginger Crackers price points against varying levels of set competitor prices.
- There are price curves of Wasabi Ginger Crackers for each of the possible price sets (low, medium, high).

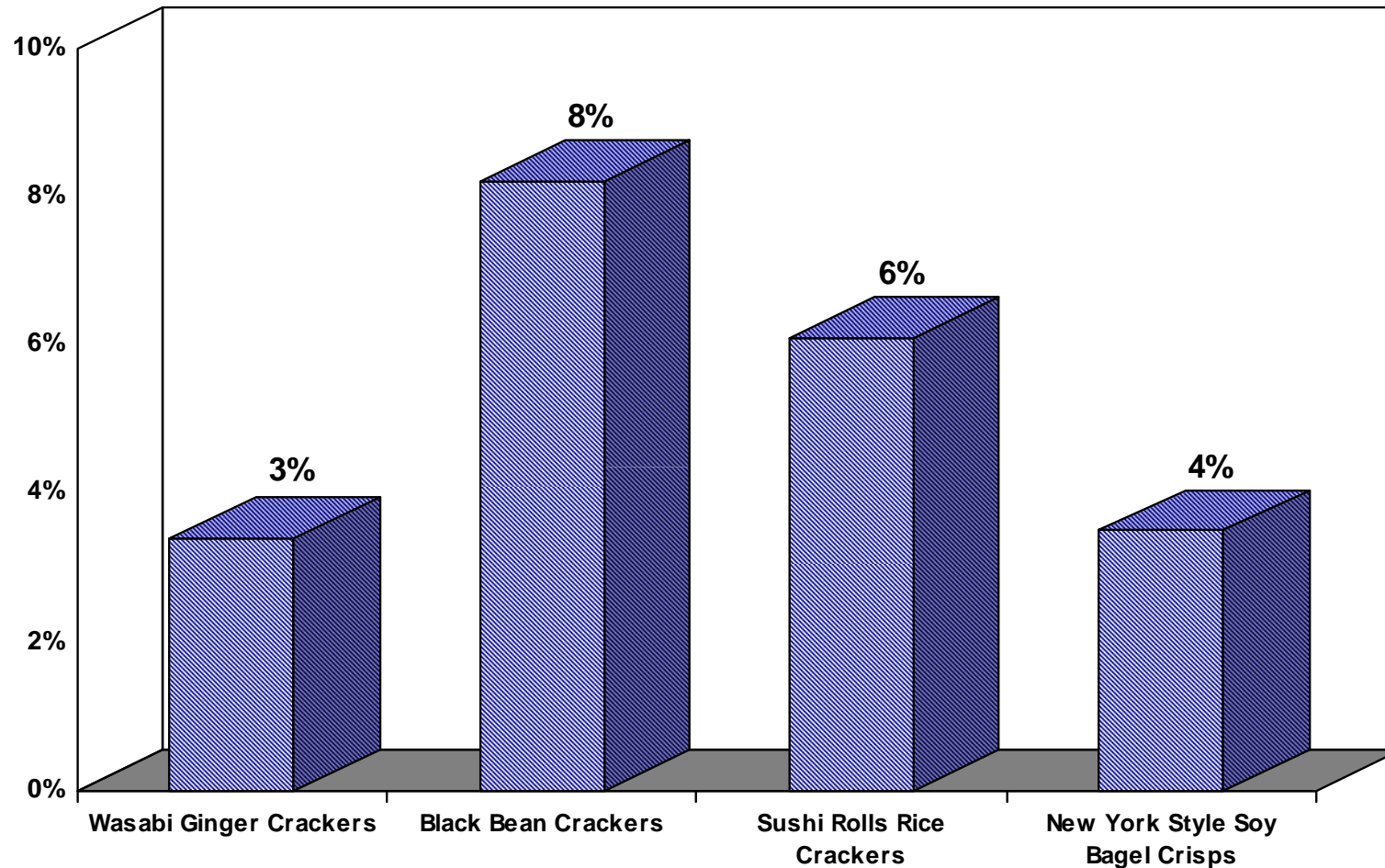
Discrete Choice – New York Metro

Initial Price Findings – Brand Space



Discrete Choice – New York Metro

Initial Price Findings – Projected Market Share at Price Mid-Point for All Specialty Crackers in the New York Metro Area

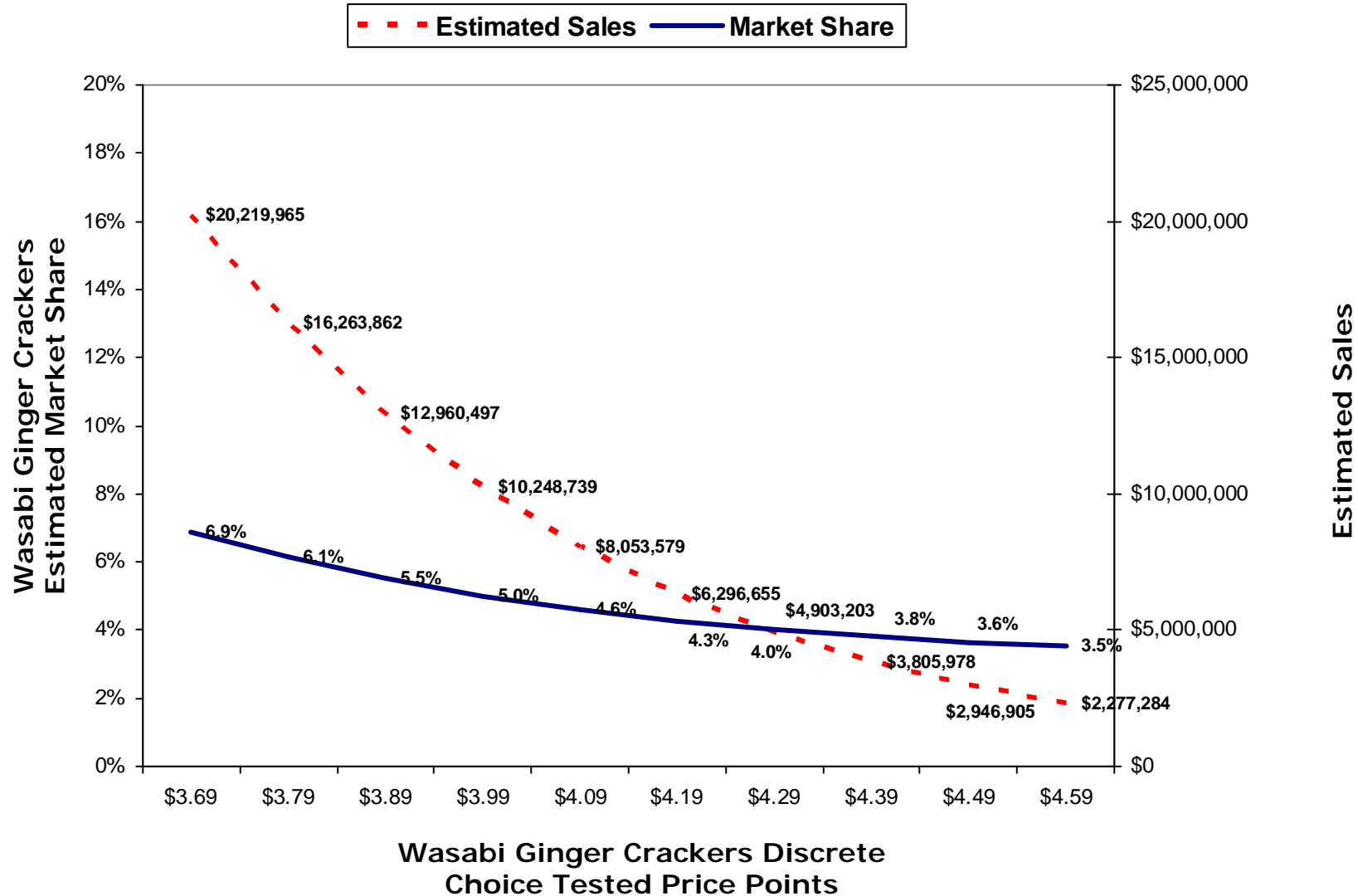


Tested Price Points for Wasabi Ginger Crackers

New York Metro

Black Bean Crackers \$3.89
 Sushi Rolls Rice Crackers \$3.89
 New York Style Soy Bagel Crisps \$3.89

Estimated Wasabi Ginger Crackers Market Share

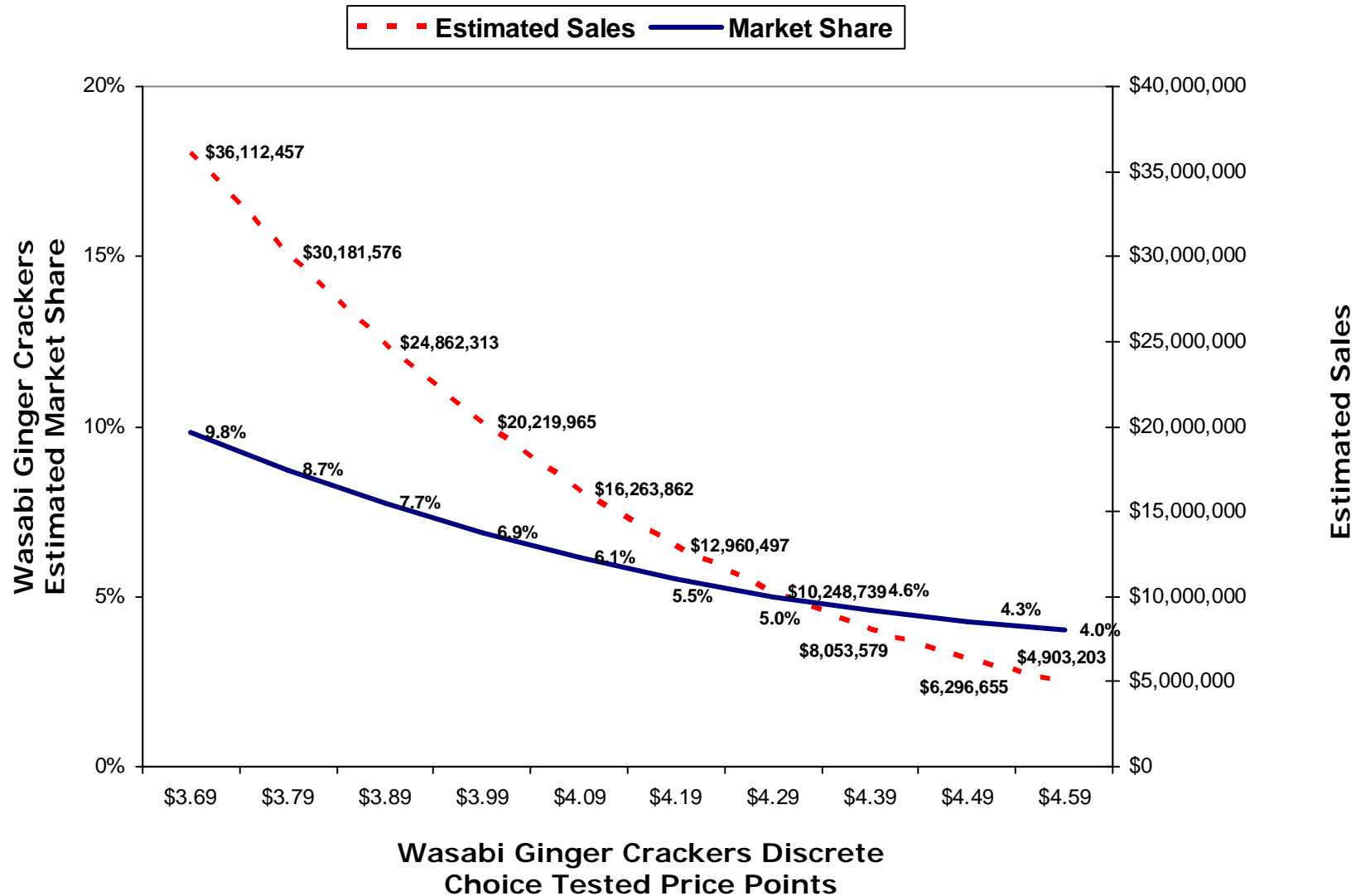


Tested Price Points for Wasabi Ginger Crackers

New York Metro

Black Bean Crackers \$4.09
 Sushi Rolls Rice Crackers \$4.09
 New York Style Soy Bagel Crisps \$4.09

Estimated Wasabi Ginger Crackers Market Share



Tested Price Points for Wasabi Ginger Crackers

New York Metro

Black Bean Crackers \$4.29
 Sushi Rolls Rice Crackers \$4.29
 New York Style Soy Bagel Crisps \$4.29

Estimated Wasabi Ginger Crackers Market Share

